
**Rules of
Department of Insurance
Division 400—Life, Annuities and Health
Chapter 9—Individual Medical Accounts**

Title	Page
20 CSR 400-9.100 Eligibility.....	3

Title 20—DEPARTMENT OF INSURANCE

Division 400—Life, Annuities and Health Chapter 9—Individual Medical Accounts

20 CSR 400-9.100 Eligibility

PURPOSE: This rule implements section 143.499, RSMo, relating to individual medical accounts.

Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.

(1) Eligibility for Tax Exemption. Employer contributions to an individual medical account (IMA) shall be exempt from state income tax under Chapter 143, RSMo, to the extent that such contributions are not excluded from gross income under 26 U.S.C. sections 105 and 106 and regulations promulgated thereunder, only if the IMA and the contributions made to it meet all provisions of section (2) of this rule.

(2) An individual medical account must comply with each of the following standards in order for employer contributions to such account to be exempt from state income tax under section 143.999, RSMo:

(A) Health Insurance Benefit Package. The employer shall annually determine a contribution level to be expended for coverage of an insured person and any dependents. Such contribution level shall be in lieu of the premiums which would have been charged to the employer for a health insurance benefit package at least equivalent to the standard health benefit plan established under section 379.944.3., RSMo. The employer must retain written confirmation from the insurer of such premiums in order to verify the contribution level.

(B) Minimum Contribution. At least fifty percent (50%) of the employer's contribution level shall be used by the insurer, health maintenance organization, health services corporation, or as a self-funded employer plan to purchase or provide a policy or plan of major medical health care benefits for the insured person and any dependents. The remainder of the employer's contribution level not used to provide major medical coverage shall be used to fund an IMA. Funds in the account shall be used by the insured person or his/her dependents, if any, to pay for that portion of bona fide medical and health care expenses not covered

by the policy or plan of major medical health insurance coverage, including any deductible, copayment, or coinsurance requirements 1) established in the major medical health insurance benefit plan which is established by the employer, and 2) authorized by law, regulation of the Department of Insurance. Funds in the IMA shall be spent for no other purpose except as otherwise provided by section 143.999, RSMo, and this rule.

(C) Minimum Balance after Employee Withdrawal. After expenditures authorized under subsection (2)(B) of this rule the employee insured through an IMA may withdraw at the end of the year any moneys remaining in the IMA to the extent that the remaining IMA balance exceeds the amount of the highest applicable deductible under the major medical coverage purchased by the employer's contribution or five hundred dollars (\$500), whichever is greater. Such withdrawals are subject to taxation under Chapter 143, RSMo.

(3) As used in this rule, "bona fide medical and health care expenses" shall mean "medical care" as defined in *Internal Revenue Code* section 213(d)(1), 26 U.S.C. section 213(d)(1).

Auth: sections 143.999 and 374.045, RSMo (1994). Original rule filed March 23, 1995, effective Nov. 30, 1995.*

**Original authority: 143.999, RSMo (1993) and 374.045, RSMo (1967), amended 1993.*